



# Claim for Reimbursement Instructions

July 2004

# **School Nutrition Programs**

## **Claim for Reimbursement Instructions**

Child Nutrition Fiscal Services  
Fiscal and Administrative Services Division  
California Department of Education  
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This publication was produced by the Child Nutrition Fiscal Services (CNFS) Unit of the Fiscal and Administrative Services Division (FASD), California Department of Education (mailing address: 1430 N Street, Suite 2213, Sacramento, CA 95814). Comments regarding the content of this publication should be directed to Phyllis Savage, Manager, CNFS, Fiscal and Administrative Services Division, (916) 322-8326. For clarification on instructions, call (916) 322-8313.

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## Introduction

The School Nutrition Programs is a federally assisted meal program operating in more than 97,700 public and nonprofit private schools and residential child care institutions throughout the United States. Through this program, nutritionally balanced low-cost or free meals are served to more than 27 million children daily. The School Nutrition Programs consist of the following program types: National School Lunch, School Breakfast, Special Milk, Meal Supplements, and Summer Seamless Feeding Waiver. California's School Nutrition Programs is administered by the California Department of Education.

Once approved to participate in the School Nutrition Programs, each sponsor must submit a monthly Claim for Reimbursement to receive payment for meals served. Instructions and sample worksheets are provided in this publication to assist the claim preparer complete the claim form. If the claim preparer has questions related to claim completion or payments, he or she may contact the Child Nutrition Fiscal Services Unit, (916) 322-8313.

For specific details related to allowable operating and administrative costs, program income, and meals, please refer to the School Nutrition Programs Guidance Manual or contact the field consultant for your sponsoring agency.

# Terminology and Definitions

**actual data.** The reportable data for which the sponsor has supporting documentation at the time of claim submission. All data reported on the Claim for Reimbursement must be actual data.

**adjusted claim.** Any claim that the sponsor submits with changes of data subsequent to the submission of the sponsor's original claim. Claims submitted subsequent to the submission of the original claim that are required by the state as a result of an audit or administrative review are excluded from this category (see "audited claim").

**Annual Participation Statement (APS).** The annual renewal document sent to sponsors by Nutrition Services Division (NSD) requesting program participation information.

**area eligible.** A site in which at least 50 percent of the enrolled children are approved to receive free or reduced-price meals or a site that is located in the attendance area of a school in which at least 50 percent of the enrolled children are approved to receive free or reduced-price meals.

**audited claim.** Corrections or changes made to a previously submitted claim as required by the state as a result of the findings of an audit.

**CAP (Corrective Action Plan).** The form used to request a one-time only exception that must include a detailed explanation of the problem contributing to the lateness of a Claim for Reimbursement and the actions being taken to avoid future late claim submissions (see Appendix A-8).

**Claim for Reimbursement.** A child nutrition request for reimbursement submitted by a participating agency (sponsor) to the state for payment (see appendixes A-9 and A-10 for claim samples).

**claim month.** The month for which data reported on the claim were collected.

**claim submission deadline.** The final date that a claim may be accepted for consideration of payment; that is, the twentieth (20th) day of the second month after the claim month. The final date must be officially postmarked by the United States Postal Service (see Appendix A-1 Claim Submission Deadlines).

**CNFS (Child Nutrition Fiscal Services).** The Child Nutrition Fiscal Services Unit in the California Department of Education (CDE) is responsible for processing the child nutrition claims for reimbursement.

**corrected claim.** A claim resubmitted by the sponsor after it was returned by the state for corrections. A corrected claim can also be the claim produced by a sponsor when the state advises the sponsor by telephone that a claim must be corrected before it can be processed. All changes to claims must be made by the claim preparer and certified by an original signature of the authorized official for the sponsor. Corrected claims are annotated by the preparer as such on the top or center of the claim in bold print.

**CRE (Coordinated Review Effort).** Federal regulations require that each School Food Authority (SFA) be reviewed at least every five years to determine the SFA's compliance with performance and regulatory standards. This review is administered by the Field Services Unit of the Nutrition Services Division.

**FASD (Fiscal and Administrative Services Division).** A division of the California Department of Education that provides accounting, budgeting, contracting, fiscal, and support services to the Department staff.

**NSD (Nutrition Services Division).** The division of the CDE that administers the United States Department of Agriculture (USDA) Food and Nutrition Services (FNS) Child Nutrition Programs and the Food Distribution Program in California.

**non-area eligible.** A site that does not meet the area eligible criteria.

**original claim.** The first claim submitted by a sponsor to the state for a particular month.

**postmark.** The postmark must be an official United States Postal Service postmark. The postmark will determine whether a claim has been submitted by the claim submission deadline.

**Residential Child Care Institution (RCCI).** Institutions including, but not limited to, homes for the mentally, emotionally, or physically impaired and unmarried mothers and their infants; group homes; halfway houses; orphanages; temporary shelters for abused and runaway children; long-term-care facilities for chronically ill children; and juvenile detention centers.

**Site Change Request.** A request submitted to NSD to change program participation or to add or drop sites. A representative for a sponsor may contact NSD to obtain a Site Change Request form.

**sponsor.** An agency or district that is approved for and participating in child nutrition programs.

**Seamless Summer Feeding Waiver (SSFW).** An alternative to the Summer Food Service Program that was developed to simplify the process by which National School Lunch Program sponsors provide meals to children when school is not in session.

**state agency.** The state educational agency designated by the Governor or other appropriate executive or legislative authority of the state and approved by the USDA to administer nutrition programs in the state. The CDE is the state agency that administers nutrition programs for California.

**USDA (United States Department of Agriculture).** A government agency that works with the CDE to increase food security and reduce hunger by providing children and low-income people with access to food, a healthful diet, and nutrition education.



# Claim Submission Deadline Policy

To be entitled to reimbursement, a claim preparer for each sponsor must submit a monthly claim for reimbursement and one photocopy that provides data in sufficient detail to justify the reimbursement claimed. This data must include, at a minimum, the number of free meals, reduced-price meals, and paid meals served; and an authorized agent or district official of the sponsor must sign the claim. All claims submitted must include an agreement number *and* an original signature to be considered a valid claim. Faxed claims will not be accepted.

All claims (original and adjusted) must be postmarked by the United States Postal Service by the twentieth (20th) day of the second month following the month claimed to be considered for payment (see Appendix A-1 Claim Submission Deadlines). For example, a July claim must be postmarked by September 20. If the twentieth day falls on a holiday or weekend, the deadline will be the next working day. Claims submitted after the deadline cannot be processed, except as described on page 11, "Late Claims". Mail claims to:

California Department of Education  
Child Nutrition Fiscal Services  
1430 N Street, Suite 2213  
Sacramento, CA 95814

Corrected claims must be returned to Child Nutrition Fiscal Services (CNFS) no later than the tenth (10th) day of the third month following the month claimed to be considered for payment. For example, a July claim correction must be received by October 10. The submission deadline for audited claims is established by the state on a case-by-case basis.

*Note:* Sponsors should not use certified mail for the submission of claims to CNFS because using certified mail could delay the processing of the sponsor's claim. To receive verification of the receipt of a claim, the claim preparer must enclose a self-addressed, stamped postcard noting the agency name, agreement number, claim month, and whether the claim is original or adjusted. If this postcard is enclosed with the sponsor's claim and submitted to CNFS by regular U.S. mail, the postcard will be signed, dated, and returned to the sponsor. If certified mail is used, the envelope containing the claim must be addressed to the street address below. *The Department cannot be held responsible for certified mail that is misdirected by the United States Postal Service.*

Sponsor representatives are not encouraged to personally deliver claims. However, if claims are delivered personally, they must be delivered to:

California Department of Education  
Child Nutrition Fiscal Services  
1430 N Street, Suite 2213  
Sacramento, CA 95814

Personally delivered claims must be date stamped at the mail desk to be valid.

**As a courtesy, approximately 50 days after the end of a claim month, the CNFS sends a Notice of Delinquent Claim to each sponsor from which CNFS has not received a claim.**

# Late Claims

There are two types of adjusted claims that can be submitted after the claim submission deadline:

1. Claims containing changes to meal data that result in no increase in reimbursement.
2. Downward adjusted claims. An adjusted claim must be submitted to correct an error that resulted in the sponsors being overpaid.

Adjusted claims that are received after the claim submission deadline and result in an increase in reimbursement cannot be processed. Upward adjusted claims received after the deadline for submission will automatically be rejected for payment and will be returned to the sponsor unless the reasons for a late submission meet one or more of the criteria described below.

A late claim may be considered for payment in the following three instances:

1. **Administrative review.** Adjusted claims submitted to correct errors discovered on an earlier claim by an independent audit or a review. The sponsor's authorized agent or representative must explain the circumstances surrounding the discovery of the errors and must transmit a copy of the audit or review report with the adjusted claim. *Note:* Unless the error is noted in an independent audit or review report, additional payment cannot be approved.
2. **One-time exception.** The state agency may grant a one-time exception when a sponsor has *not* been granted an exception during the previous 36 months. To receive a one-time exception, a sponsor must submit an acceptable Corrective Action Plan (CAP) to the state agency (see Appendix A-8 for a sample). A CAP must include the following items:
  - A detailed explanation of the problems contributing to the lateness
  - Information about actions being taken to avoid future late claim submissions
  - A statement to the effect that the sponsor understands that if this exception request is granted, the one-time exception will be made by NSD on the basis of the acceptability of the CAP
  - The signatures of the claim preparer and a sponsor's authorized district or agency official who must be an employee of the district or agency
3. **Late claims approvable only by the USDA.** A late claim may be approved for payment by the USDA if it meets one of the four exception criteria listed below:
  - a. Major breakdowns in mechanical processing accompanied by an inability to manually process the data; for example, a major data processing failure
  - b. Natural catastrophes coupled with the sponsor's inability to manually process the data; for example, floods or earthquakes that destroy records, equipment, or facilities

- c. Unusual postal delays that are verified by a postal receipt or other specific verification from the postal service
- d. Death or severe illness of key staff members in situations where *it is not possible* to assume the sponsor could have used backup staff members

The request for a USDA exception must include the claim and a letter that demonstrates that the reason for missing the claim submission deadline was *clearly beyond the claim preparer's control*. The letter must explain in detail the extenuating circumstances that made it impossible to meet the deadline and that the deadline was not missed because of negligence, oversight, or workload backlog. Requests for a USDA exception must be submitted by CNFS. Requests deemed to meet the USDA's criteria will be forwarded by CNFS for approval. Please submit requests to:

California Department of Education  
Child Nutrition Fiscal Services  
1430 N Street, Suite 2213  
Sacramento, CA 95814

# **Address Changes and Labels**

Each sponsor is provided with enough labels to submit claim for reimbursement forms for one year and a new supply is provided each year. The labels should be checked for accuracy when they are received. If corrections are needed, a sponsor representative must attach a label to district or agency letterhead, type or print the correct information, and submit the corrections to:

California Department of Education  
Nutrition Services Division  
Resources and Information Management Unit  
1430 N Street, Suite 1500  
Sacramento, CA 95814

If a sponsor's address changes, a sponsor representative must contact the IRS at (877) 829-5500, or by fax (513) 263-3756. The IRS will update the information by telephone and fax the sponsor a revised IRS Determination Letter the same day.

Sponsor representatives may contact the IRS by way of mail; the address is:

Internal Revenue Service  
TEGE Division, Suite 400  
P.O. Box 2508  
Cincinnati, OH 45201

Once the sponsor has the IRS Determination Letter, a representative may fax it to the Resources and Information Management Unit (RIM) of the Nutrition Services Division at (916)445-4842, or mail it to the above California Department of Education address.

# Reimbursement Instructions for the School Nutrition Programs

This section was prepared for and is directed to sponsors' claim preparers to help them complete claims for reimbursement for the National School Lunch, School Breakfast, Special Milk, and Meal Supplements programs.

Enter program information for only one *claim month* in items 1 through 16a. This information should include information about the activities during one calendar month, with the exception of the beginning and the end of the school year. For these periods, you may include up to 10 operating days within the month of August on the September claim or up to 10 operating days within the month of June on the May claim.

An error or omission on any of the following items may cause the claim to be rejected, resulting in delays in processing the sponsor's claim and the receipt of reimbursement.

## Part I - Monthly Reporting (Items 1-16a)

These instructions explain each item on the Claim for Reimbursement.

**Item 1. Agreement Number, Name, and Address:** Place printed labels in the space provided (upper right-hand corner) on the original form and one copy. Use only those labels provided to the sponsor for use on the claim form CNFS 71-5. If you deplete the sponsor's supply of labels, type or print the sponsor's agreement number, name, and address in the spaces provided. If more labels are needed, contact CNFS.

**Item 2. Month/Year:** Enter the two-digit month and four-digit year that the claim covers, *not* the month that the claim is prepared. The month and the year must be reported numerically as shown in the following examples:

December 2003 = 1 | 2 | 2 | 0 | 0 | 4      January 2004 = 0 | 1 | 2 | 0 | 0 | 5

Note: You may claim reimbursement only for those months indicated on the sponsor's approved Annual Participation Statement.

**Item 3. Claim Type:** Mark the appropriate box that applies:

- a. An **original** claim is the first claim submitted for a claim month. An original claim returned to a sponsor for correction is still an original claim when resubmitted.
- b. An **adjusted** claim is a revision of a sponsor's previously reported data. Please complete the form in its entirety and report all previously reported data inclusive of the changes. Adjusted figures *replace* the original figures. The claims processing system will compute the differences and adjust the sponsor's reimbursement accordingly. Items 1, 2, and 3 and the certification block must also be completed.

Note: If a correction to an original claim has been requested by the Department of Education, the claim is still marked as an original (box a). Please write the word “correction” at the top of the claim form.

- Item 4. Adjustment Number:** *Do not complete.* This item is for state use only.
- Item 5. Reason Code:** *Do not complete.* This item is for state use only.
- Item 6. Number of Children Approved to Receive Free Meals:** Enter the number of children, from the active enrollment reported in items 12B through 14B, with an approved eligibility application for free breakfasts or lunches on file. An actual count must be conducted each month. Residential Child Care Institutions (RCCI's) that have other documentation of eligibility should report the total number children eligible to receive free meals who participated during the month.
- Item 7. Number of Children Approved to Receive Reduced-Price Meals:** Enter the number of children, from the active enrollment reported in items 12B through 14B, who have approved eligibility applications for reduced-price meals on file. An actual count must be made each month. RCCI's that have other documentation of eligibility should report the total number of children eligible to receive reduced-price meals, who participated during the month.
- Item 8. Number of One-half Pints of Fluid Milk Purchased this Month:** This item applies only to Special Milk Program sponsors. Meal sponsors *do not* complete this item.
- Item 9. Total Cost of Fluid Milk Purchased This Month:** This item only applies to Special Milk Program sponsors. Meal sponsors *do not* complete this item.
- Item 10. Number of Children Approved for Free Meal Supplements:** Enter the number of children, from the active enrollment reported in item 16B, with an approved eligibility application for free meals or supplements on file. An actual count must be made each month. Any site in which at least 50 percent of the enrolled children are approved for free or reduced-price meals may report all children in the Meal Supplement Program as eligible for free supplements. In addition, any site that is located in the attendance area of a school in which at least 50 percent of the enrolled children are approved for free or reduced-price meals may report all the children in the Meal Supplements Program as eligible for free supplements. All the supplements served that meet these requirements may be reported as free (Item 16E).
- Item 11. Number of Children Approved for Reduced-Price Meal Supplements:** Enter the number of children, from the active enrollment reported in item 16B, with an approved eligibility application for reduced-price meal supplements on file. An actual count must be made each month.

**Item 12  
Through  
Item 14.**

**Column A, Authorized Sites Participating:** Enter the number of authorized school sites operating a National School Lunch Program or School Breakfast Program during the month in items 12 through 14, as applicable. This number may not exceed the number of sites authorized on the Annual Participation Statement. Site additions or deletions must be approved by submitting a Site Change Request Form before claiming reimbursement.

**Column B, Enrollment:** On lines 12 through 14 as applicable, enter the total number of children enrolled at each participating site as of the last day of the month. Sponsors of Residential Child Care Institutions should report the total number of eligible children who were served a lunch or a breakfast during the month reported on the claim.

**Column C, Number of Operating Days:** On lines 12 through 14, as applicable, enter the number of days in the claim month when reimbursable meals were served at any authorized site.

**Column D, Paid Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children who pay full price for meals during the claim month.

**Column E, Free Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children eligible for free meals during the claim month.

**Column F, Reduced-Price Meals Served:** On lines 12 through 14, as applicable, enter the number of meals served to children eligible for reduced price meals during the claim month.

**Column G, Total Meals Served:** On lines 12 through 14, as applicable, enter the total number of meals served to children in each program during the claim month. The total meals must equal the sum of the paid, reduced price, and free meals.

*Note:* Meals reported on the Claim for Reimbursement must be reported on the basis of daily counts, taken at the point of service. Each meal count must identify the number of free, reduced price, and paid reimbursable meals served. The sponsor must have documentation of reimbursable meals from the point of service and accurate meal count and collection procedures. Meal count edit checks must be performed for each participating site's daily meal counts to ensure the accuracy of meals that are reported on the sponsor's reimbursement claim. Refer to the Code of Federal Regulations (CFR) Section 210.8.

Meals consumed by student employees must be claimed in accordance with the student's eligibility category. *Do not* include meals served to adults.

**Item 15. Special Milk:** Meal sponsors *do not* complete this item. This item applies to Special Milk Program sponsors only.



**Item 16. Meal Supplements:** Report all area eligible *and* non-area eligible data.

**Column A, Authorized Sites Participating:** Enter the number of authorized school sites operating a Meal Supplements Program during the month. The number entered may not exceed the number of sites authorized by NSD to participate. Site additions or deletions must be approved by NSD; submit a Site Change Request Form before claiming reimbursement.

**Column B, Enrollment:** Enter the total number of children enrolled at each participating site as of the last day of the month.

**Column C, Number of Operating Days:** Enter the number of days in the claim month when reimbursable meals or supplements were served at any authorized site.

**Column D, Paid Meals Served:** Enter the number of supplements served to children who pay full price for supplements during the claim month.

**Column E, Free Meals Served:** Enter the number of supplements served to children eligible for free supplements during the claim month.

**Column F, Reduced-Price Meals Served:** Enter the number of supplements served to children eligible for reduced-price supplements during the claim month.

**Column G, Total Meals Served:** Enter the total number of supplements served to children in the meal supplements program during the claim month. The total supplements must equal the sum of the paid, reduced price, and free supplements.

*Note:* Meal supplements reported on the Claim for Reimbursement must be reported on the basis of daily counts, taken at the point of service. These counts must identify the number of free, reduced-price, and paid reimbursable meals served. Area eligible sites may report all supplements as free.

An *area eligible* site is any site in which at least 50 percent of the enrolled children are approved for free or reduced-price meals. In addition, if a site is located in the attendance area of a school in which at least 50 percent of the enrolled children are approved for free or reduced-price meals, the site may report all eligibility and supplements as free (item 10 and item 16E).

A site that does not meet the area eligible criteria *non-area eligible* must collect eligibility applications for each child. The approved eligibility of each child must be reported by eligibility type in items 10 and 11. The meals served to these children must be reported by eligibility type in item 16E and 16F.

The sponsor must have documentation of reimbursable supplements from the point of service and accurate meal count and collection procedures. Meal count edit checks must be performed for each participating site's daily meal counts to ensure the accuracy of meals that are reported on the sponsor's reimbursement claim.

Supplements consumed by student employees must be claimed in accordance with the student's eligibility category. *Do not* include supplements served to adults.

**Item 16a.** These columns are for area eligible meal supplement reporting (for information only).

**Column A, Authorized Sites Participating:** Enter the number of authorized *area eligible* school sites that are operating a Meal Supplements Program. The number entered may not exceed the number of sites authorized by NSD to participate. Site additions or deletions must be approved by NSD; submit a "Site Change Request Form" before claiming reimbursement.

**Column B, Enrollment:** Enter the total number of children enrolled at each participating *area eligible* site as of the last day of the month.

**Column E, Free Meals Served:** Enter the number of *area eligible* meal supplements served to children eligible for free meal supplements during the claim month.

## **Part II – Revenue (items 17-22)**

Part II is to be completed only on the *June* claim for reimbursement. *Yearly revenue totals for Summer Seamless Feeding Waiver (SSFW) sites must be included in the revenue totals reported on the June school nutrition claim form.* All monetary figures entered on the claim form must be rounded to the nearest dollar.

Revenue is reported annually in line items 17 through 22 according to the program in which the revenue was earned. Revenue may be reported by using one of the following two accounting methods:

- **Cash** - Actual receipts during the year, or
- **Accrual** - All anticipated revenue earned during the year

**If enrollment is 2,500 children or more, revenue must be reported on an accrual basis.** Other exceptions to reporting accrued revenue are noted.

**Item 17  
Through  
Item 22.**

**Column H, Daily Sales (Actual Receipts):** For all sponsors, this item should be reported on a cash basis. In each of the appropriate items 17 through 22, report actual cash received from children during the year for meals served under the National School Lunch, Basic Breakfast, Especially Needy Breakfast, and Meal Supplements programs.

*On line Item 21* report actual cash received during the year from all other daily sales, such as a la carte sales, snack bar sales (including milk), and adult sales.

*Note:* If the cost of meals or a la carte food is included in a tuition fee and no separate charge is made to the children, column H should be left blank.

**Column I, Federal Reimbursement:** On the appropriate lines, items 17 through 20, report the sponsor's federal reimbursement for the National School Lunch, Basic Breakfast, Especially Needy Breakfast, or Meal Supplements programs. Include cash-in-lieu of commodities, if any. The SSFW reimbursement should be included under the appropriate meal type. The SSFW supper reimbursement should be reported under "National School Lunch."

- **Cash Sponsors.** Enter the federal reimbursement received during the year. Warrants for the federal reimbursement are identified as Federal Trust Fund. The remittance advice, which accompanies the warrant, will identify the portions of the total reimbursement to be reported under each program.
- **Accrual Sponsors.** Enter the federal reimbursement earned during the year. The Monthly Reimbursement Calculation Worksheet (CNFS 71-7, Appendix A-3) may be used to compute the amount reported in each line item. Do not submit the work sheet with the sponsor's claim form.

**Column J, State Reimbursement:** Enter the basic state reimbursement for the National School Lunch, Basic Breakfast, or Especially Needy Breakfast programs. The SSFW reimbursement should be included under the appropriate meal type. The SSFW supper reimbursement should be reported under "National School Lunch". In addition, include state reimbursement for eligible meals served in schools that are participating in the State Meal Program under the mandate of Education Code Section 49550 (Chapter 1010, Statutes of 1976).

- **Cash Sponsors.** Report the state reimbursement received during the year on the appropriate line item. Warrants for the state reimbursement will be identified as General Fund. State meal reimbursement is paid on a monthly basis. Cash sponsors need to allocate, on a participation percentage basis, the amount of the warrant among the National School Lunch, Basic Breakfast, and Especially Needy Breakfast programs if the sponsor participates in more than just the National

School Lunch Program. Do not forget to include the SSFW reimbursement under the appropriate meal type.

- **Accrual Sponsors.** Enter state reimbursement earned during the year. The Monthly Reimbursement Worksheet (CNFS 71-7, Appendix A-3) may be used to compute the amounts reported on each line item. Do not submit the worksheet with the sponsor's claim form. Do not forget to include the SSFW reimbursement under the appropriate meal type.

**Column K, Needy Meal Tax/Revenue Add On:** This item will reflect funds transferred into the cafeteria account or fund from general funds that were previously known as the Meals for Needy Pupils Permissive Override Tax (Schedule G of the Revenue Limit Data Sheets and Schedules for Kindergarten through Grade Twelve School Districts). This transfer of funds should be performed on the basis of a documented bidding procedure. The amount will be reported on line items 17 through 20, on the basis of the programs that the sponsor's district chooses to subsidize.

**Column L, Other:** Report all the other revenue for the year from sources not identified in the above columns. Examples of other revenue are as follows:

- Cash donations
- Interest
- Rebates (money received from the vendor after costs have been reported)
- Percentage from vendors who operate their own machines

Revenue from these sources should be allocated to the various programs by percent of participation in each program or percent of daily sales in each program.

Revenue from banquets, contract sales, sale of food or supplies to organizations, and so forth, should be reported on line item 21 (Miscellaneous Food Services).

**Column M, Total:** For each line item 17 through 22, add the figures that are reported in each column and insert the totals in column M. Verify all totals for accuracy. Claims will be rejected that reflect only data in the total column.

### Part III - Costs Incurred

Part III is to be completed only on the *June* claim for reimbursement. *Yearly cost totals for Summer Seamless Feeding Waiver (SSFW) sites must be included in the cost totals reported on the June school nutrition claim form.* All monetary figures entered on the claim form must be rounded to the nearest dollar.

Costs are reported annually in line items 23 through 26. When completing the cost section, adhere to the following guidelines:

- Costs must reflect charges incurred by the food service operation regardless of the source of payment.
- Costs must be reported as they are incurred, not as they are paid.
- Costs for providing contract sales and adult meals cannot be included under the cost areas unless cash is received for those sales and is reported as revenue in item 21H.
- Costs for supper cannot be reported under any of the cost areas unless served at a SSFW site.
- Costs for RCCIs must be allocated according to the costing methods described in Appendix A-11 Allocating Food Service Costs for RCCIs.

Agencies that provide support to the food service programs through the General Fund may allocate their support costs and include them in their reported costs.

**For more detailed information on allocating costs and cost allocation methods, refer to Appendix 11 for RCCIs and Appendix 12 for Non-RCCIs.**

**Item 23. Food:** Enter the total cost of purchased food during the year for which the sponsor is reporting. The sponsor must have invoices showing dates and actual costs. Allowable food costs include these listed below:

- All edible items of purchased food for meals and milk. Do not include costs for supper unless it was served at a SSFW site. Include the cost of contract food items or adult meals only if revenue for those items was reported on line Item 21.
- The costs for processing (e.g., canning, freezing, baking by commercial company), distributing, transporting, storing, or handling any purchased food, and the transportation and handling costs for USDA-donated commodities received during the year. Do not include the fair market value of donated food.
- The contract prices for reimbursable meals and milk for those sponsors that contract for the receipt of breakfasts, lunches, supplements, and milk (and suppers served at SSFW sites).

Schools must use the inventory method for computing the cost of food used. Residential Child Care Institutions must refer to Appendix A-11, "Allocating Food Service Costs for RCCIs".

Sponsors that receive meals from another agency or private company must report the contract price as food cost.

**Item 24. Labor:** Enter costs for all wages and employee benefits for labor dedicated to the food service program (direct) and labor allocated to the food service program(support). Labor costs are those costs generated as a result of a service provided by someone employed by the sponsor.

**Include costs incurred (both paid and unpaid) during the year for which the sponsor is reporting.** Include payroll deductions for social security, withholding tax, employee insurance, retirement, and employee benefits. Do not include the value of donated labor.

**Item 25. Other:** Enter the cost of supplies during the year. Cost is derived by using the inventory method (beginning inventory plus purchases less ending inventory). Supplies are those nonfood items that cost less than \$500 or have a useful life of less than one year. Enter the cost of purchased services during the year (both paid and unpaid). A purchased service is a cost generated as a result of a service provided by a person or agency outside of the sponsor's agency. In addition, include other costs dedicated to food services and costs allocated to food services (such as rental of equipment, repairs, training, travel expenses, audits, laundry, mileage, utilities, fire insurance, and so forth) regardless of the source of payment within the agency.

Equipment costs reported as a part of operating costs must be determined by a depreciation schedule. See page 31, Depreciation of Nonexpendable Food Service Equipment.

Include the cost of office space in public buildings (which includes such items as maintenance, custodial services, and utilities) or the cost of rent by contractual agreements other than rental-purchase agreements or leases with an option to purchase.

Enter any other applicable costs that were not included as food or labor.

**Do not report as a cost the following items:**

- Any money transferred into an equipment replacement fund
- *Actual* cash expenditures for equipment (cost must be calculated by using depreciation method described on page 31)
- The portion of costs allocated to supper (except for Residential Child Care Institutions or suppers served at a SSFW site)

**Item 26. Total Costs:** Add the figures entered in items 23 through 25. Verify all totals to ensure the accuracy of figures. An error or omission on the claim form may result in a delay or loss of reimbursement.

**Certification:** Before submitting the sponsor's claim, be sure to complete this section. Include the name and telephone number of the person preparing the claim, the preparation date, and original the signature of an authorized agency official, title, and date. The signature of the authorized official must be original and in ink. Only original signatures will be accepted.

A sponsor's claim will be returned for correction if it is not properly completed. Place an original signature on the claim before mailing the claim to avoid delays in the sponsor's reimbursement. The agency's authorized official signing the claim is responsible for reviewing and analyzing meal counts to ensure accuracy.

*Special Note:* An adjusted claim for reimbursement completely voids all previously submitted data for the same claiming period. Therefore, when submitting an adjustment, the sponsor must report all data whether there has been a change or not.

If you choose to manually determine the federal and state reimbursement earned for the month, complete the Monthly Reimbursement Calculation Worksheet, Appendix A-3. Do not submit the worksheet with the sponsor's claim; it is for your reference only.

# Reimbursement Instructions for the Seamless Summer Feeding Waiver Program

This section was prepared for and is directed to sponsors' claim preparers to help them complete claims for reimbursement for the Seamless Summer Feeding Waiver Program (SSFW).

Sites that are eligible for the SSFW must be reported on a *separate* claim form (CNFS 71-5S) by using the assigned agreement number (identified by 09 as the last two digits). See Appendix A-10 for a sample of the Claim for Reimbursement for School Nutrition Programs for the Seamless Summer Feeding Waiver. Yearly cost and revenue totals for SSFW sites must be included in the revenue and cost totals reported on the June school nutrition claim form (CNFS 71-5).

Enter program information for only one claim month in items 1 through 16. This information should cover activities during one calendar month, with the exception of the beginning and the end of the school year. For these periods, you may include up to ten operating days within the month of August on the September claim or up to ten operating days within the month of June on the May claim.

**Item 1. Agreement Number, Name, and Address:** Place printed labels on the original claim form and one copy. Use only those labels designated for Seamless Summer Feeding Waiver Program (green). If labels are not available, type or print the sponsor's agreement number, name, and address in the spaces provided. If more labels are needed, contact CNFS.

**Item 2. Month/Year:** Enter the two-digit month and four-digit year that the claim covers, *not* the month that the claim is prepared. The month and the year must be reported numerically as shown in the following examples:

December 2003 = 1 | 2 | 2 | 0 | 0 | 4      January 2004 = 0 | 1 | 2 | 0 | 0 | 5

*Note: A sponsor may claim reimbursement only for those months indicated on the sponsor's approved Annual Participation Statement.*

**Item 3.** Mark the appropriate box that applies:

- a. An **original** claim refers to the first claim submitted for a claim month. An original claim returned to a sponsor for correction is still an original claim when resubmitted.
- b. An **adjusted** claim refers to a revision of a sponsor's previously reported data. Please complete the form in its entirety, report all previously reported data inclusive of changes. Adjusted figures *replace* the original figures. The claims processing system will compute the differences and adjust the sponsor's reimbursement accordingly. Items 1, 2, and 3 and the certification block must also be completed.



*Note:* If a correction to an *original* claim has been requested by the Department of Education, the claim is still marked as an *original* (box a). Please write the word “correction” at the top of the claim form.

**Item 4. Adjustment Number:** *Do not complete.* This item is for state use only.

**Item 5. Reason Code:** *Do not complete.* This item is for state use only.

**Item 6. Number of Children Receiving Free Meals:** Enter the number of children that are receiving free breakfasts and lunches or suppers. An actual count should be made each month. Column B should include enrollment for lunch plus enrollment for supper for eligible sites. Item 6 cannot be less than Column E (free meals served) divided by Column C (number of operating days) of items 12 through 14 except in the case of migrant sites and camps.

**Item 10. Number of Children Receiving Free Supplements (Snacks):** Enter the number of children receiving free meal supplements only. An actual count must be made each month. This total cannot be less than Item 16 E (free meals served) divided by item 16 C (number of operating days).

**Item 12 Through Item 16. Column A, Authorized Sites Participating:** Enter the number of authorized sites operating during the month for each program. This number may not exceed the number of sites initially authorized to participate in the Seamless Summer Feeding Waiver Program or authorized subsequently on a Site Change Request Form. New sites must be approved by NSD before being claimed for reimbursement.

**Column B, Enrollment:** Enter the total *active* enrollment for authorized participating sites during the report month for each program. Of the number reported in item 6, enter only the number of children who participated in each corresponding lunch/supper and/or breakfast programs. This total cannot exceed the number of children reported in item 6, with the exception of migrant sites and camps. Enrollment in the Meal Supplements Program will be equal to the number reported in item 10. For line 12 (lunch/supper), column B should include enrollment for lunch plus enrollment for supper for eligible sites.

**Column C, Number of Operating Days:** Enter the number of days in the claim month when reimbursable meals or supplements were served at any authorized site for each program.

**Column E, Free Meals Served:** Enter the number of free meals or free supplements served to children in each program during the month. You must report suppers on line 12 (National School Lunch/Supper). An individual site may not claim both lunch and supper meals on the same day, with the exception of migrant sites and camps, which are authorized to serve any combination of three meals on the same day. For both residential and nonresidential camps, only the meals served to income-eligible children (on the basis of free or reduced-price applications) may be claimed.

**Column G, Total Meals Served:** Enter the total number of meals or supplements served to children in each program during the month. Total meals (column G) should equal free meals (column E). Do not include meals or supplements served to adults.

**Certification:** Before submitting a sponsor's claim, be sure to complete this section. Include the name and telephone number of the person preparing the claim, the preparation date, and the original signature of an authorized agency official, title, and date. The signature of the authorized official must be original and in ink. *Only original signatures will be accepted.*

A sponsor's claim will be returned for correction if it is not properly completed. Place an original signature on the claim before mailing the claim to avoid delays in the sponsor's reimbursement. The agency's authorized official signing the claim is responsible for reviewing and analyzing meal counts to ensure accuracy.

*Special Note:* An adjusted claim for reimbursement completely voids all the previously submitted data for the same claiming period. Therefore, when submitting an adjustment, the sponsor must report all data whether there has been a change or not.

If you would like to determine the federal and state reimbursement earned for the month, complete the Monthly Reimbursement Calculation Worksheet Appendix A-4. Do not submit the worksheet with the sponsor's claim; it is for your reference only.

# Reimbursement Instructions for the Special Milk Program

The following instructions were prepared for sponsors that participate *only* in the Special Milk Program. Use form CNFS 71-5 and complete items 1 through 15 (See Appendix A-9 for a sample claim form). Sponsors who are approved to participate solely in the Special Milk Program should complete only those items addressed in these instructions. All other items on the claim do not apply.

Enter program information for only one *claim month* in Items 1 through 15. This information should cover activities during one calendar month, with the exception of the beginning and the end of the school year. For these periods, you may include up to ten operating days within the month of August on the September claim or up to ten operating days within the month of June on the May claim.

An error or omission on any of the following items will cause a delay in processing a sponsor's claim and the receipt of reimbursement.

## Part I - Monthly Reporting (Complete Items 1-15)

**Item 1. Agreement Number, Name, and Address:** Place printed labels in the space provided (upper right-hand corner) on the original form and one copy. Use only those labels provided to the sponsor for use on the claim form CNFS 71-5. If you deplete the sponsor's supply of labels, type or print the sponsor's agreement number, name, and address in the spaces provided. If more labels are needed, contact CNFS.

**Item 2. Month/Year:** Enter the two-digit month and four-digit year that the claim covers, *not* the month that the claim is prepared. The month and the year must be reported numerically as shown in the following examples:

December 2003 = 1 | 2 | 2 | 0 | 0 | 4      January 2004 = 0 | 1 | 2 | 0 | 0 | 5

Note: A sponsor may claim reimbursement only for those months indicated on the sponsor's approved Annual Participation Statement.

**Item 3. Claim Type:** Mark the appropriate box that applies:

- b.** An **original** claim is the first claim submitted for a claim month. An original claim returned to a sponsor for correction is still an original claim when resubmitted.
- b.** An **adjusted** claim is a revision of a sponsor's previously reported data. Please complete the form in its entirety and report all previously reported data inclusive of the changes. Adjusted figures *replace* the original figures. The claims processing system will compute the differences and adjust the sponsor's reimbursement accordingly. Items 1, 2, and 3 and the certification block must also be completed.

Note: If a correction to an *original* claim has been requested by the Department of Education, the claim is still marked as an *original* (box a). Please write the word “correction” at the top of the claim form.

- Item 4. Adjustment Number:** *Do not complete.* This item is for state use only.
- Item 5. Reason Code:** *Do not complete.* This item is for state use only.
- Item 6. Number of Children Approved to Receive Free Milk:** Enter the number of enrolled children who have approved eligibility applications on file for free milk as defined in item 15E. An actual count must be made each month.
- Item 7. Do not complete.** This item applies to meal programs only.
- Item 8. Number of One-half Pints of Fluid Milk Purchased This Month:** Enter the number of half pints of fluid milk purchased during the claim month, including whole milk, chocolate milk, low-fat milk, skim milk, buttermilk, or bulk milk. Bulk milk or milk purchased in one-third quart containers must be converted to one-half pints. Do not include milk shakes or malts. Refer to Appendix A-6 (CNFS 71-21) to calculate the conversions.
- Item 9. Total Cost of Fluid Milk Purchased This Month:** Enter the cost of the fluid milk purchased during the month as reported in item 8. Do not include the cost of other items that could be on the sponsor’s dairy invoice, such as ice cream, milk shakes, and so forth. Only report the cost paid to the vendor after discounts or rebates, if any. Do not add transportation costs. Report whole dollars only. Do not report cents.
- Note:* All milk sponsors must complete both items 8 and 9, even if free milk is not claimed.
- Item 10. Do not complete.** This item applies to Meal Supplement Program sponsors only.
- Item 11. Do not complete.** This item applies to Meal Supplement Program sponsors only.
- Item 12. Do not complete.** This item applies to National School Lunch sponsors only.
- Item 13. Do not complete.** This item applies to Basic Breakfast Program sponsors only.
- Item 14. Do not complete.** This item applies to Especially Needy Breakfast Program sponsors only.
- Item 15. Column A, Authorized Sites Participating:** Enter the number of authorized schools or sites participating in the Special Milk Program during the month. The number entered may not exceed the number of schools or sites authorized on the Annual Participation Statement or the

number of sites subsequently authorized through a Site Change Request Form.

**Column B, Enrollment:** Enter the total number of children enrolled at each site that participates in the Special Milk Program as of the last day of the month.

**Column C, Number of Operating Days:** Enter the number of days in the claim month when milk was served at any authorized site.

**Column D, Paid Special Milk Served:** Enter the number of one-half pints of fluid milk served to children who are not eligible for free milk.

If one-third quarts are served free, only the first one-half pint of each serving can be claimed as free milk served (column 15E). The remaining portion of the one-third quarts must be claimed as paid milk served (column 15D). Refer to Appendix A-6 for conversion to one-half pints. *Do not include milk served to adults.*

*Note:* This item applies only to sponsors serving free milk as defined in item 15E. Do not report paid milk if your agency is a non-pricing sponsor or a pricing sponsor that does not collect eligibility applications. Do not include milk served to adults. See Appendix A-7 (CNFS 71-23) to calculate the percentage of milk served to children.

**Column E, Free Special Milk Served:** Enter the number of one-half pints of fluid milk served to children eligible for free milk. Free milk should be claimed only when there is an approved eligibility application on file and a Policy Statement for Free Milk has been filed with the CDE.

**Column F, Reduced-price meals served:** *Do not* complete this item. This item applies to National School Lunch, School Breakfast, and Meal Supplements Programs sponsors only.

**Column G, Total Special Milk Served:** Include the total number of one-half pints of fluid milk served to children under the Special Milk Program. This total must equal the sum of paid milks served (column D) and free milks served (column E).

**Certification:** Before submitting a sponsor's claim, be sure to complete this section. Include the name and telephone number of the person preparing the claim, the preparation date, and the original signature of an authorized agency official, title, and date. The signature of the authorized official must be original and in ink. *Only original signatures will be accepted.*

A sponsor's claim will be returned for correction if it is not properly completed. Place an original signature on the claim before mailing the claim to avoid delays in the sponsor's reimbursement. The agency's authorized official signing the claim is responsible for reviewing and analyzing meal counts to ensure accuracy.

*Special Note:* An adjusted claim for reimbursement completely voids all the previously submitted data for the same claiming period. Therefore, when submitting an adjustment, the sponsor must report all data whether there has been a change or not.

If you would like to determine the federal and state reimbursement earned for the month, complete the Monthly Reimbursement Calculation Worksheet, Appendix A-5. Do not submit the worksheet with the sponsor's claim; it is for your reference only.

# Depreciation of Nonexpendable Food Service Equipment

Depreciation of equipment is an allowable direct cost for school food service programs that must be reported on the *June* Claim for Reimbursement – School Nutrition Programs (CNFS 71-5), Part III – Cost Incurred, Item 25 (Other). Do not report the full cost of equipment as a cost incurred; instead report the depreciated value over the life of the asset. Claim preparers are expected to use generally accepted accounting principles, such as those discussed in the *California School Accounting Manual*, when calculating depreciation values.

Appendix A-15 contains CNFS 71-10, Nonexpendable Equipment Depreciation Schedule, which can be used to track annually the depreciation of equipment. When maintaining this schedule, the claim preparers should adhere to the following guidelines:

- Report annual depreciation for nonexpendable equipment with a cost of \$5,000 or more. You may exercise the option to include items of lesser cost when it is deemed desirable to exert an accounting control. For items that are used as a set, such as a table and chairs, cost should be based on the total cost of the set rather than the individual cost of each piece.

*Note:* Nonexpendable equipment with an acquisition cost of more than \$500 must be *inventoried* (to conform to *Education Code* Section 35168), but nonexpendable equipment with an acquisition cost of \$5000 or more must be *depreciated*.

- All records for the full depreciation period shall be retained for three years after the end of the federal fiscal year during which an equipment item is fully depreciated.
- The schedule should reflect nonexpendable equipment with a value of \$5,000 or more currently in use by the food service sponsor, including all nonexpendable equipment that is less than 12 years old, all heavy-duty vehicles that are six years old or less, and all medium-duty vehicles that are four years old or less. All nonexpendable food preparation and serving equipment is considered to have a useful life of 12 years.
- Depreciation should be calculated on an annual basis by using the depreciation rates reflected on page 33.
- An addition of equipment items or vehicles to the schedule should be made only at the time of acquisition and installation or on the return to full use of items in storage. While equipment is in storage, it should not be depreciated. The actual delivered-in-place cost should be reflected in depreciation, regardless of funding source.

The following definitions are provided for the purposes of this section:

**acquisition cost.** Acquisition cost is the purchase price plus any cost incurred in the delivery and installation of new, used, and rebuilt nonexpendable equipment.

**depreciation.** Depreciation is reasonable allowance for the deterioration, wear and tear, and obsolescence of nonexpendable equipment.

**expendable equipment.** Expendable equipment is all equipment other than nonexpendable equipment. Specifically, expendable equipment is that equipment with a useful life of one year or less or that has an acquisition cost of less than \$500.

**maintenance and repair.** Maintenance and repair are functions necessary for the upkeep and efficient operation of equipment. These functions do not add to the permanent value of the equipment or appreciably prolong its intended life.

**nonexpendable equipment.** Nonexpendable equipment is equipment that has a useful life of more than one year and an acquisition cost of significant value. Significant value is deemed as \$500 and over to conform to *Education Code* Section 35168. You may exercise the option to include lesser-value items over which it is desired to exert an accounting control. For items that are used as a set, such as a table and chairs, depreciation should be assessed on the basis of the acquisition cost of the set rather than the cost of each piece.

**rebuilt equipment.** Rebuilt equipment is nonexpendable property on which capital expenditure of funds has been made for the purpose of restoring the piece of equipment to its original or like-new condition (not to be confused with the repair of equipment, which involves a lesser degree of expenditure to maintain operating condition). The equipment to be rebuilt must be removed from property records while out of service. When rebuilding is completed and the item is returned to use, it should become an addition to the property record. The rebuilding cost, added to the value when removed from records, will result in an acceptable approximation of cost for a new 12-year life expectancy.

The following instructions are provided to assist claim preparers complete Form CNFS 71-10, Nonexpendable Equipment Depreciation Schedule:

**type of equipment.** Mark the appropriate box. If “Other” is marked, specify the type of equipment. Separate schedules should be kept for each equipment type.

**life.** Mark the appropriate box. All nonexpendable food preparation and serving equipment is considered to have a useful life of 12 years.

**line number.** Assign an individual number to each line as the equipment item is entered.

**purchase order number.** Enter the purchase order number from the document used to purchase the equipment item.

**location code and district identification number.** Indicate where the equipment is installed and the district identification number, if any.



**description.** Itemize each piece of non-expendable equipment by name, serial number, size or capacity, or energy source (gas, electric, oil, and so forth).

**date installed.** Report the month and year that the equipment was put into service. This date is the date that the life expectancy begins.

**termination date.** Report the month and year of expected life termination. For example, a piece of food service equipment with a 12-year life that begins its service during December 2002 (12/2002) would have a termination date of December 2014 (12/2014).

**total acquisition cost.** Report the acquisition cost of the equipment. The following method is provided for estimating the original cost of food service equipment in cases where the actual cost is unknown.

Obtain from a local supplier the current cost if you were to purchase or replace the sponsor's existing equipment, determine the age of the food service equipment on hand, and locate the age in the following chart.

Age (in years)	2	3	4	5	6	7	8	9	10	11	12
Percent of Value	96%	92%	88%	84%	80%	78%	76%	74%	72%	70%	68%

Multiply the current cost times the percentage of value to determine the estimated original acquisition cost.

For example, the current replacement cost of a piece of food service equipment that is nine years old is \$19,237. The estimated original cost would be the current cost of \$19,237 multiplied by the percentage of value; (for an age of 9 years it is 74 percent of the value, for an estimated value of \$14,235.38). In this example, \$14,235.38 is the amount to enter as the total acquisition cost on the sponsor's Nonexpendable Equipment Depreciation Schedule.

**net to be depreciated.** Enter 100 percent of the total acquisition cost if the equipment is solely used for the food service program. If the equipment item is used for purposes outside of the food service program, the total acquisition cost should be prorated on the basis of the percentage of time the item is dedicated to the food service program. For example, if an equipment item's total acquisition cost was \$10,000 and it is used for the food service program 60 percent of the time. The "net to be depreciated" would be \$6,000.

**Rate.** The annual depreciation rates are listed below. Insert the appropriate depreciation rate in the rate column of the schedule.

<u>Equipment Type/Life Expectancy</u>	<u>Rate</u>
Food Preparation and Serving Equipment (12-year life expectancy)	.08333

Automotive Equipment (4-year life expectancy) .2500  
(Includes light trucks [empty weight less than 13,000 pounds] and tractor units)

Automotive Equipment (6-year life expectancy) .16667  
(Includes heavy trucks [empty weight more than 13,000 pounds] and trailers)

For example, the total original cost of an item of nonexpendable food preparation, serving equipment, or related equipment is \$5,500 (including installation and delivery cost). Because the equipment has a life expectancy of 12 years, the depreciation factor is .08333.

$$\begin{array}{r} \$5,500.00 \text{ (value of equipment)} \\ \times .08333 \text{ (depreciation factor)} \\ \hline \$ 458.32 \text{ (annual depreciation)} \end{array}$$

In this example, \$458.32 would be entered on the depreciation schedule under “Annual Depreciation” and included in the total cost reported on the June claim for reimbursement.

**annual depreciation.** Multiply the amount listed under “net to be depreciated” by the appropriate depreciation rate (see example on pages 33-34). Enter this value under “Annual Depreciation.”

**Deletion.** Enter the month and year of the deletions. Annotate the reason for the deletions in the “Notes” section by line number. Draw a red line through the columns titled Net to be Depreciated, Rate, and Annual Depreciation of the items being deleted. When an item is deleted from the schedule, that information transfers to a summary page of deleted items. The records of equipment purchased with food service funds must be kept for three years after the date they become fully depreciated.

**total.** At the end of the June claim report month, total the column titled Annual depreciation. This amount should be added to the totals from all other applicable depreciation schedules and any other related costs that are not reported under items 23 and 24 of the claim form. The sum total (totals from depreciation schedules and other related costs) should be reported under item 25 of the claim form (CNFS 71-5).

# Appendixes

# Appendix A-1: Claim Submission Deadlines

## July 2003 Through June 2004

<b><u>Claim Month</u></b> (Item 1)	<b><u>Submission Deadline</u></b> (Postal Cancellation Stamp)
July 2003 .....	Monday, September 22, 2003
August 2003 .....	Monday, October 20, 2003
September 2003 .....	Thursday, November 20, 2003
October 2003 .....	Monday, December 22, 2003
November 2003 .....	Tuesday, January 20, 2004
December 2003 .....	Friday, February 20, 2004
January 2004 .....	Monday, March 22, 2004
February 2004 .....	Tuesday, April 20, 2004
March 2004 .....	Thursday, May 20, 2004
April 2004 .....	Monday, June 21, 2004
May 2004 .....	Tuesday, July 20, 2004
June 2004 * .....	Friday, August 20, 2004

\* June claim *must* include annual cost and revenue (parts II and III).

# Appendix A-2: Reimbursement Claim Checklist

## National School Lunch, School Breakfast, and Meal Supplements Programs

This checklist was prepared for and is directed to sponsors' claim preparers to help them complete claims for reimbursement. Please make the following checks of a sponsor's claim before submitting it for reimbursement. An error or omission in any of the following items will cause a delay in the sponsor's reimbursement.

- ( ) Item 1. Is a label affixed to the claim form? If no label is available, type or print the sponsor's agreement number, agency name, and address in Item I.
- ( ) Item 2. Is the month and year in item 2 the claim month, not the month the claim was prepared?
- ( ) Item 3. Is one box in Item 3 checked? If not, check as appropriate.
- ( ) Items 6-7. If you are reporting free/reduced price meals, did you complete items 6 and 7?
- ( ) Items 10-11. If the sponsor is reporting free or reduced price supplements, did you complete items 10 and 11?
- ( ) Items 12-16. Have you reported sites, enrollment, and operating days? Your claim cannot be processed without this information.
- ( ) Items 12-16. Does the sum of the paid, free, and reduced-price meals equal the number of total meals reported?
- ( ) Items 12-16. Have you claimed too many free or reduced-price meals? The product of approved children multiplied by operating days must be greater than or equal to the number of meals reported for free and reduced-price meals.
- ( ) Item 16a. Have you reported *only* area eligible sites, enrollment, and free meal supplements served? Are all the figures less than or equal to the corresponding figures on line 16?
- ( ) Items 17-26. If this is a June claim, have you completed the cost and revenue sections of the claim (parts II and III)?

If the sponsor participates in the National School Lunch, Basic Breakfast, Especially Needy Breakfast, or Meal Supplements programs, you must report annual financial information on the June claim. *If the sponsor participates in the Seamless Summer Feeding Waiver Program, the cost and revenue from the seamless waiver sites must be included with the cost and revenue reported on this form.*

- ( ) Items 17-26. Are all monetary figures on the claim rounded to the nearest whole dollar?  
*Do not report cents.*
- ( ) Items 17-26. Are all revenue and cost totals correct?

- ( ) *Certification:* Is there an original signature of an authorized agency official on the claim? The sponsor's claim cannot be processed without an *original signature* of an authorized official.
- ( ) Did you attach a legible claim copy?

## Appendix A-3: School Nutrition Programs Monthly Reimbursement Calculation Worksheet

Reimbursement rates change annually. Please consult the USDA Web site at: <http://www.fns.usda.gov/fns> for current reimbursement rates. Transfer meal counts from the claim form to the appropriate lines on this worksheet, and then multiply the meals by the reimbursement rates. Claim item numbers are in parentheses.

### **Federal Reimbursement**

Month \_\_\_\_\_ Year \_\_\_\_\_

#### A. National School Lunch

Total **(12G)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_  
Lunch Section 4 \$ \_\_\_\_\_

Reduced-Price **(12F)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Free **(12E)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Lunch Section 11 \$ \_\_\_\_\_

#### B. Basic School Breakfast

Total **(13G)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Reduced Price **(13F)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Free **(13E)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Total Basic Breakfast \$ \_\_\_\_\_

#### C. Especially Needy School Breakfast

Total **(14G)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Reduced Price **(14F)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Free **(14E)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Total Especially Needy Breakfast \$ \_\_\_\_\_

#### E. Meal Supplements

Total **(16G)** \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Reduced Price (16F) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Free (16E) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Total Meal Supplements \$ \_\_\_\_\_

**Total Federal Reimbursement for This Month \$ \_\_\_\_\_**

**State Reimbursement** (Reduced-Price and Free Lunches and Breakfasts Only)

Lunch (12E + 12F) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Basic Breakfast (13E + 13F) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

Needy Breakfast (14E + 14F) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

**Total State Reimbursement for This Month \$ \_\_\_\_\_**



## Appendix A-4: Seamless Summer Feeding Waiver Monthly Reimbursement Calculation Worksheet

Reimbursement rates change annually. Please consult the USDA Web site at <http://www.fns.usda.gov/fns> for current reimbursement rates. Transfer meal counts from the claim form (CNFS 71-5S) to the appropriate lines on this worksheet, then multiply the meals by the reimbursement rates. Claim item numbers are in parentheses.

Month \_\_\_\_\_ Year \_\_\_\_\_

### **Federal Reimbursement**

#### A. National School Lunch/Supper

Total (12G) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_  
Lunch Section 4 \$ \_\_\_\_\_

Free (12E) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_  
Lunch Section 11 \$ \_\_\_\_\_

**Please note that the calculated rates below include both the total and the free rate. Total meals should equal free meals on the claim form.**

#### B. Basic School Breakfast

Total (13G) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_

#### C. Especially Needy School Breakfast

Total (14G) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_  
Total Especially Needy Breakfast \$ \_\_\_\_\_

#### E. Meal Supplements

Total (16G) \_\_\_\_\_ X \_\_\_\_\_ = \$ \_\_\_\_\_  
Total Meal Supplements \$ \_\_\_\_\_

**Total Federal Reimbursement for this Month \$ \_\_\_\_\_**

## **State Reimbursement**

Free Lunches/Suppers and Breakfasts Only

Lunch/Supper (12E)      \_\_\_\_\_      X      \_\_\_\_\_      =      \$ \_\_\_\_\_

Basic Breakfast (13E)      \_\_\_\_\_      X      \_\_\_\_\_      =      \$ \_\_\_\_\_

Needy Breakfast (14E)      \_\_\_\_\_      X      \_\_\_\_\_      =      \$ \_\_\_\_\_

**Total State Reimbursement for this Month \$ \_\_\_\_\_**

## Appendix A-5: Special Milk Program Monthly Reimbursement Calculation Worksheet

Reimbursement rates change annually. Please consult the USDA Web site at <http://www.fns.usda.gov/fns> for current reimbursement rates. Transfer meal counts from the claim form (CNFS 71-5) to the appropriate lines on this worksheet, then multiply the meals by the reimbursement rates. Claim item numbers are in parentheses.

**Step 1. Basic (or paid) milk is reimbursed at a basic rate set by the United States Department of Agriculture on July 1 of each year.**

Total Milk (15G)		Free Milk (15E)		Milk Basic (or paid)		Reimbursement Rate		Basic Milk Reimbursement
	-		=		X		=	

*Note:* If free milk is not served, total milk is multiplied by the basic rate.

**Step 2. Free milk is reimbursed at the average purchase price. This price is determined by dividing the cost of milk purchased (as reported in item 9) by the number of one-half pints purchased (as reported in item 8):**

Milk Cost (9)		Milk Purchased (8)		Average Price		Free Milk (15E)		Free Milk Reimbursement
	÷		=		X		=	

**Step 3. Total reimbursement for the month equals the basic reimbursement plus free milk reimbursement:**

Basic Milk		Free Milk		Total Reimbursement
\$	+	\$	=	\$

Complete this worksheet before submitting a sponsor's reimbursement claim each month, and retain it in the sponsor's files. When the reimbursement is received for the month, note the date on this worksheet, and place the worksheet in the reimbursement claim file. This worksheet will aid you in determining the sponsor's accounts receivable.

## Appendix A-6: Monthly Worksheet For Calculating Reimbursable Milk Served for the Special Milk Program

This worksheet is designed to help claim preparers calculate special milk program reimbursement.

*Note:* All one-third quarts and other bulk milk must be converted to one-half pint units.

$$\begin{array}{rclcl} \underline{\hspace{2cm}} & 1/3 \text{ quarts} \times 1.333 & = & \underline{\hspace{2cm}} & 1/2 \text{ pints} \\ \underline{\hspace{2cm}} & 1/2 \text{ gallons} \times 8 & = & \underline{\hspace{2cm}} & 1/2 \text{ pints} \\ \underline{\hspace{2cm}} & \text{gallons} \times 16 & = & \underline{\hspace{2cm}} & 1/2 \text{ pints} \end{array}$$

1. Milk on hand beginning of month.....
2. Milk purchased during month.....
3. Total (item 1 plus item 2).....
4. Milk on hand at end of month.....
5. Number of one-half pints of milk served  
during month (item 3 minus item 4).....
6. Percentage of one-half pints served to children  
See Appendix A-7 for worksheet (Form CNFS 71-23).....
7. Number of one-half pints of milk served and reimbursable  
under the Special Milk Program (Item 5 times Item 6).  
Enter this figure in Item 15G on Form CNFS 71-5.....

This worksheet is optional and should be retained for the sponsor's records. **Do not submit worksheet with the sponsor's claim.**

## Appendix A-7: Monthly Worksheet for Calculating Percentage of Milk Served to Children for the Special Milk Program

**Important:** Sponsors who do not maintain a record of the actual daily count of milk served (excluding adults) may use this method for computing the percentage of half pints of milk served to children. This information is necessary when completing items 6 and 7 of Form CNFS 71-21.

(1) Month/Year:			(2) Name of Camp/Site/Center:				
(3) Day of Month	(4) Number of Adults Enrolled for Care and Training	+	(5) Number of Adult Staff Members And Employees	+	(6) Number of Children in Attendance	=	(7) Total (4) + (5) + (6)
01							
02							
03							
04							
05							
06							
07							
08							
09							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
<b>Totals</b>		+		+		=	(A)
Enter the total Number of Children from Column 6 in (B)							(B)
Divide (B) by (A) and Enter percentage in (C). Transfer this percentage to item 6 on Form 71-21							(C)

## Appendix A-8: Corrective Action Plan

This form must be submitted by claim preparers who are requesting a payment for school nutrition sponsors who have submitted a late claim under the one-time-exception category.

Please type or print information or affix label:

Agreement Number:	Sponsor Name and Address:

**Month/Year of Late Claim:**        \_\_\_\_\_ / \_\_\_\_\_

**1. Explain in detail the problem(s), which contributed to the claim being late.  
(Use additional page if needed.)**

**2. Detail the actions you are taking to avoid a late claim in the future.  
(Use additional page if needed.)**

**Sponsor Certification:** By signing this form below, we understand that this one-time request will be granted only if this Corrective Action Plan is approved by Nutrition Services Division and that only one late claim can be granted under this one-time category every three years.

### Claim Preparer

### Authorized Official

Signature:	Signature:
Print Name:	Print Name:
Date:	Date:
Telephone:	Telephone:

## Appendix A-9: Claim For Reimbursement School Nutrition Programs

CNFS 71-5 (04/04)

Return To: California Department Of Education  
Child Nutrition Fiscal Services  
1430 N Street, Suite 2213  
Sacramento, CA 95814

If label is not available, type or print agreement number (county, district, school, and sub codes), name, and address in the space provided.

All claims must be submitted with a copy.

See reverse for instructions.

County		District Code				School Code				Sub Code	

1. Name Of Participant				Address				City		Zip Code	
------------------------	--	--	--	---------	--	--	--	------	--	----------	--

2. Month/Year		3.		STATE USE ONLY									
		<input type="checkbox"/> a. Original Claim		4. Adjustment Code		5. Reason Code		6. Number Of Children Approved To Receive Free Meals Or Milk		7. Number Of Children Approved To Receive Reduced Price Meals		8. Number Of ½ Pints Of Fluid Milk Purchased This Month	
		<input type="checkbox"/> b. Adjusted Claim										9. Total Cost Of Fluid Milk Purchased This Month \$	

### Part I – Monthly Report

Report items 12 through 16a monthly.

#### Meal Supplement Eligibility Data

		A. Authorized Sites Participating		B. Enrollement		C. Number Of Operating Days		D. Paid Meals Or Special Milk Served		E. Free Meals Or Special Milk Served		F. Reduced Price Meals Served		G. Total Meals Or Special Milk Served	
12. National School Lunch (Program A)															
13. Basic School Breakfast (Program B)															
14. Especially Needy School Breakfast (Program C)															
15. Special Milk (Program D)															
16. Meal Supplements (Snacks) (Program E) INCLUDE AREA ELIGIBLE COUNTS															
16a. Area Eligible Meal Supplements (For Information Only)															

### PART II – REVENUE

Report items 17 through 26 annually. Participants in School Lunch, Basic Breakfast, Especially Needy Breakfast, and/or Meal Supplement Program must report annual revenue and costs on the June claim. All monetary figures entered on this claim must be rounded to the nearest whole dollar. Please refer to the claim instruction booklet for more detailed information.

		H. Daily Sales (Actual Receipts)		I. Federal Reimbursement		J. State Reimbursement		K. Needy Meal Tax/ Rev. Add-On		L. Other		M. Total (Columns H Through L)		STATE USE ONLY	
17. National School Lunch (Program A)															
18. Basic School Breakfast (Program B)															
19. Especially Needy School Breakfast (Program C)															
20. Meal Supplements (Program E)															
21. Miscellaneous Food Service															
22. TOTAL (Lines 17 through 21)															

### PART II – COST INCURRED

23. Food		24. Labor		25. Other		26. Total Costs	
----------	--	-----------	--	-----------	--	-----------------	--

CERTIFICATION – I certify to the best of my knowledge this claim is true and correct in all aspects; that the records are available to support this claim; that it is in accordance with the terms of existing School Nutrition Program agreement(s); and that I have not received payment for this claim.

School Nutrition Programs

Name Of Person Preparing Claim		Telephone Number		Extension # ( )		Date Of Preparation	
Original Signature Of Authorized Official		Title Of Authorized Official				Date	

Claim for Reimbursement Instructions

If label is not available, type or print agreement number (county, district, school, and sub codes), name, and address in the space provided.

## Appendix A-10: Claim For Reimbursement School Nutrition Programs Seamless Summer Feeding Waiver

**Note:** Please submit an original and one copy of the claim by the claim submission target date of the 10<sup>th</sup> of the month following the month claimed. In addition, all claims (original, adjusted, or corrected) must be postmarked by the 20<sup>th</sup> day of the second month following the month claimed to be considered for payment.

*Please see reverse side of claim form for detailed instructions.*

1. Affix mailing label in space provided below. (If label is not available, fill in the agreement number, name, and address.)				2. Month covered by report		Month	Year																							
<table border="1"><tr><td>County</td><td colspan="4">District Code</td><td colspan="4">School Code</td><td colspan="2">Sub Code</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>				County	District Code				School Code				Sub Code														3. <input type="checkbox"/> a. This is an original claim. <input type="checkbox"/> b. This is an adjusted claim.			
County	District Code				School Code				Sub Code																					
Name of Participant				<b>ITEM 4 &amp; 5 for State use only</b>																										
Address				4. Adjustment Number		5. Reason Code																								
City				6. NUMBER OF CHILDREN RECEIVING FREE MEALS		10. NUMBER OF CHILDREN RECEIVING FREE MEAL SUPPLEMENTS																								
				A. Authorized Sites Participating		B. Enrollment																								
12. National School Lunch/Supper (Program A)				C. Number Of Operating Days		E. Free Meals Served																								
13. Basic School Breakfast (Program B)						G. Total Meals Served																								
14. Especially Needy School Breakfast (Program C)																														
16. Meal Supplements (Snacks) (Program E)																														
<b>FOR STATE USE ONLY</b>																														
<i>I certify that to the best of my knowledge and belief this claim is true and correct in all respects, that records are available to support this claim, that this claim is in accordance with the terms of existing agreement(s), and that I have not received payment for this claim.</i>																														
Name of claim preparer (Please print.)				Telephone number of claim preparer		Date																								
Signature of authorized official				Name of authorized official (Please print.)		Title of authorized official																								



## Appendix A-11: Allocating Food Service Costs for Residential Child Care Institutions (RCCIs)

Residential Child Care Institutions (RCCIs) *must* apply one of two costing methods when allocating costs associated with operating their nutrition programs. These costs are reported annually on the *June* Claim for Reimbursement – School Nutrition Programs (CNFS 71-5). The methods as described below include Method A, Average Cost/Participation, which uses a costed menu and actual participation data, and Method B, Meal Equivalents, which uses meal equivalencies and actual participation data. The following text outlines each of these costing methods and how they should be applied when completing Part III (Cost Incurred) of the claim form:

### **Item 23: Method A – Average Cost/Participation**

The following text instructs claim preparers about calculating food costs under item 23 - Method A.

Twice a year, calculate the cost of a two-week menu and determine (a) the average per-meal breakfast food cost; (b) the average per-meal lunch food cost; and (c) the average per-meal supplement food cost.

Determine the number of eligible meals for each type of meal served (breakfast, lunch, or supplements) for the year. Determine total breakfast, total lunch, and total meal supplement food costs by multiplying the per-meal food cost times the number of eligible meals served. For example, for breakfasts, multiply the per-meal breakfast food cost times the number of eligible breakfasts served.

Determine the fair market value of federally donated food received (refer to the bill of lading) and calculate the amount used during the year.

Determine purchased food costs for breakfast, lunch, and meal supplements by adding the total breakfast food costs, total lunch food costs, and total meal supplement food costs together. Add any additional handling charges for USDA commodities (donated food) received during the year, and subtract the fair market value of donated food used. The result is the amount claimed on item 23 of the claim form. An example cost-to-participation calculation for food is as follows:

	Average Food Cost/Meal		Number of Meals For the Year		Total Food Costs
Lunch (NSLP)	\$2.00	X	2790	=	\$ 5,580
Breakfast (SBP)	\$1.50	X	2790	=	\$ 4,185
Supplements	\$ .75	X	1000	=	\$ 750
Total Purchased Food Costs				=	\$10,515
Fair Market Value					
Federally Donated Food		Beginning		=	\$ 4,500
		Plus Received		+	\$ 900
		Less Ending		-	\$ 3,500
		Equals Used		=	\$ 1,900
Total Purchased Food Costs					\$10,515
Food Costs					
Add Handling Charges for Donated Food				+	\$ 100
Subtract Fair Market Value of Donated Food				-	(\$ 1,900)
Total Average Food Costs to be reported on Item 23 of claim form				=	\$ 8,715

#### Item 24 – Labor – Method A:

Once a year, conduct a two-week time study on food service employees reflecting hours worked for the reimbursable nutrition programs (National School Lunch, School Breakfast, or Meal Supplements programs) and total hours for that period. Determine the percentage of labor for the reimbursable programs by dividing the total hours worked in the food service program into the number of hours worked for the reimbursable programs. Determine total labor costs for the year. Include all allowable costs. Determine the total reimbursable labor costs for the year by multiplying total labor costs for the year times the percentage of labor for the reimbursable programs. The result is the amount claimed on item 24 of the claim form. An example cost of participation calculation for labor is as follows:

Hours Worked for Reimbursable Nutrition Programs (2-week time study period)	300 hours
Total Hours Worked in the food service program (2-week time study period)	400 hours
300 / 400 = .75 (75% of the total labor is for NSLP, SBP, and Meal Supplements)	.75
Total Labor Cost for the Year	\$4,000
Percentage of Labor	X .75
<b>Total Average Labor Costs to be reported on Item 24 of claim form</b>	<b>\$3,000</b>

**Item 25**

#### – Other – Method A

Costs to be reported on item 25 include supplies, purchased services, equipment, and any other costs associated with the reimbursable nutrition programs that are not reportable under “Food” or

“Labor.” To determine the total cost of supplies used, start with the inventory balance for your food service program at the beginning of the year, add all applicable purchases made during the year, and subtract any inventory remaining at the end of the year. Determine the cost of purchased services for the year, and add this cost to the total cost of supplies used. Multiply this total by the percentage of labor calculated above.

Refer to page 31, Depreciation of Nonexpendable Food Service Equipment, to determine equipment depreciation costs. Multiply calculated equipment depreciation cost by the percentage of labor calculated above. An example calculation for Other costs is as follows:

	Total Cost		% of Labor	Average Cost
Total Supplies and Purchased Services	\$800	X	.75	\$ 600
Total Equipment Depreciation	\$500	X	.75	\$ 375
<b>Total Average “Other” Costs to Be Reported on Item 25 of Claim Form</b>				<b>\$ 975</b>

### **Method B – Meal Equivalents**

Application of method B requires the assumptions that (1) the cost of two breakfasts equals the cost of one lunch; (2) the cost of one supper equals the cost of one lunch; and (3) the cost of four supplements equals the cost of one lunch. For method B, the share of total food service program costs attributed to each reimbursable program (National School Lunch, School Breakfast, or Supplements) is based on a comparison of the number of meals served for the specific reimbursable program to the total number of meals served for all the programs. This comparison establishes cost allocation percentages by reimbursable meal type that are applied to total costs for the food service program. This calculation produces the cost associated with the reimbursable meal programs.

To apply this method, determine the total number of adult and child breakfasts, lunches, meal supplements, and suppers served during the reporting period. Using assumptions described in (1), (2), and (3) above, calculate the “Lunch Equivalents” as follows: (i.e., 2 breakfasts = 1 lunch; 1 supper = 1 lunch; 4 supplements = 1 lunch)

Meal Type	Actual # Served	Lunch Equivalent
Child Breakfasts	200	100
Child Lunches	200	200
Child Supplements	200	50
Adult Breakfasts	20	10
Adult Lunches	20	20
Suppers	100	100
Total Lunch Equivalent		480

Using “Lunch Equivalent” counts, compute the cost allocation percentages for National School Lunch, School Breakfast, and Meal Supplements. This computation is accomplished by dividing the lunch equivalent meal counts by program type by the “Total Equivalent” as follows. Note that adult meals and suppers are not reimbursable.

Meal Type	Actual Number Served	Lunch Equivalent	Reimbursable Meals	Calculate Cost Allocation	Cost Allocation
Child Breakfast	200	100	100	$100 \div 480$	.21 or 21%
Child Lunch	200	200	200	$200 \div 480$	.42 or 42%
Child Supplement	200	50	50	$50 \div 480$	.10 or 10%
Adult Breakfast	20	10	0		
Adult Lunch	20	20	0		
Supper	100	100	0		
Total Equivalent		480			

Determine the total cost of purchased food, labor (direct and support), supplies and purchased services (direct and support), and equipment depreciation for food service. (For instructions on calculating equipment depreciation, see page 31, Depreciation of Nonexpendable Food Service Equipment.). By using the percentages calculated with the process described above, allocate food service costs among the National School Lunch Program, School Breakfast Program, and Meal Supplements program as applicable.

Cost Items	Total Cost	Cost Allocation by Reimbursable Program Type			Reported Costs by Line Item
		Breakfast 21%	Lunch 42%	Supplements 10%	
Total Purchased Food	\$400	\$ 84	\$168	\$ 40	\$ 292 (Item 23)
Total Labor	\$200	\$ 42	\$ 84	\$ 20	\$ 146 (Item 24)
Total Supplies and Purchased Services	\$100	\$ 21	\$ 42	\$ 10	\$ 73 (Item 25)
Total Equipment Depreciation	\$100	\$ 21	\$ 42	\$ 10	\$ 73 (Item 25)
Total Cost for Food Services	\$800	\$168	\$336	\$ 80	\$ 584 (Item 26)

# **Appendix A-12: Allocating Food Service Costs for Non-RCCI Sponsors**

The following information is provided to assist claim preparers of sponsors of school nutrition programs allocate food service costs that must be reported annually on the *June* Claim for Reimbursement – School Nutrition Programs (CNFS 71-5). This information does not pertain to Residential Child Care Institutions (RCCIs). These Institutions must follow methods for allocating costs that are outlined in Appendix A-11.

Claim preparers should report the sponsors' *full cost* of their Food Service Program. The full cost includes direct and support costs either generated by or allocated to food services. Sponsors that provide support to the food service program through the General Fund may allocate their support costs and include them in their reported costs. Claim preparers must document all sponsors' allocations. Examples of possible allocation methods are detailed below. Sponsors may use other methods, if the methods are reasonable and documented.

## **Work Order Method**

The work order method is used to allocate costs to a program on the basis of work orders generated by the support program when providing the service. For example, maintenance and operations repairs a refrigerator and replaces several parts. A work order is prepared that indicates charges for labor and parts. These labor charges are recorded throughout the year and the total reported on the June claim for reimbursement.

## **Time Method**

The time method consists of allocating costs to a program in proportion to the time spent. For example, there is a custodian in each school that spends two hours each day cleaning the cafeteria and setting up tables. Two hours multiplied by the number of schools multiplied by the number of operating days for the year multiplied by the average hourly wage and benefits equals the amount of custodial support allocated to the food services program.

Example equation: (# of hours) x (# of schools) x (# of operating days) x (average hourly wage and benefits) = Labor Cost

## **Time - Floor Area Method**

The time-floor area method is used to allocate costs to a program on the basis of floor area occupied by a program in proportion to the total floor area and the percent of time such floor area is occupied. For example, the sponsor has a liability insurance policy that costs \$9,000 each year. The total floor area of the multipurpose rooms is 3 percent of the entire district and the rooms are used two hours a day (25 percent of an eight hour day) by Food Services. Example equation: \$9,000 x .03 x .25 = the annual portion of the insurance premium allocated to the food services program.

## **Quantity - Consumed Method**

The quantity-consumed method is used to allocate costs to a program in proportion to the total amount of materials consumed. For example, all office supplies are purchased by the sponsor and distributed to the various programs. The agency determines that 5 percent of the total is used by the food services program. This amount would be reported as a food service cost.

## **Number of Transactions Method**

The number of transactions method is used to allocate costs to a program on the basis of the number of transactions made for that program in proportion to total transactions. For example, out of a total of 1,650 transactions in the year, the purchasing office handles 396 transactions for the food services program. The food services program's transactions would account for 24 percent of the purchasing office's transactions. If the total direct cost for the purchasing office for the year is \$8,100, the purchasing cost would be \$1,944. Example equation:  $\$8,100 \times .24 = \$1,944$  (the portion of purchasing costs allocated to the food services program).

## **Number-of-Employees Method**

The number-of-employees method is used to allocate costs to a program on the basis of the number of employees in the program in proportion to the total number of employees in the organization. For example, out of a total of 500 employees, 65 are food service employees, which equals 13 percent of the employees. If the direct cost for the payroll processing office is \$9,600, the portion of payroll would be \$1,248. Example equation:  $\$9,600 \times .13 = \$1,248$  (the portion of payroll costs allocated the food services program).

### Appendix A-13: Summary Worksheet for Food Service Cost Allocations

Item to be Allocated	Allocation Method	Allocation Factors	Reimbursement Claim		*
			Item 24	Item 25	
Maintenance and Operations	Work Order	Work Orders last year \$19,200	\$19,200		
Custodial Services	Time	2 hours x 10 schools x 60 days x \$10.75/hr	\$12,900		
Data Processing	Time	45 hrs/yr x \$27/hr	\$1,215		
Insurance	Time-Floor	\$9,000 for year x 25% time x 3% floor		\$68	
Utilities	Time-Floor	\$30,000 for year x 100% time x 2% floor		\$600	
Office Supplies	Quantity - Consumed	\$4,800/year x 5%		\$240	
Custodial Supplies	Quantity - Consumed	\$2,100/year x 3%		\$63	
Purchasing Office	Number of Transactions	\$8,100/year x 24%		\$1,944	
Accounts Payable	Number of Transactions	\$7,400/year x 30%		\$2,220	
Payroll Processing	Number of Employees	\$9,600/year x 13%		\$1,248	
Totals			\$33,315	\$6,383	

\* Check if not paid by Food Services

**Do not submit this worksheet with your claim**

[illegible]

***Do not submit this worksheet with your claim***



## Appendix A-15: Nonexpendable Equipment Depreciation Schedule

Type of Equipment:

☐ Food Service Equipment

☐ Four-Year Life

☐ Vehicles

☐ Six-Year Life

☐ Other (please specify) \_\_\_\_\_

☐ Twelve-Year Life

Line Number	Purchase Order Number	Location Code and District ID Number	Description	Date Installed	Termination Date	Total Acquisition Cost	Depreciation			Deletion
				Mo/Yr	Mo/Yr		Net to be Depreciated	Rate	Annual Depreciation	Mo/Yr

Notes:  
TOTAL